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SUBJECT: SUPREME COURT INTERPRETATION WILL HELP WORKERS  
CLAIM BACK WAGES

REF: BEIJING 17905

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11. (U) On August 30, China's Supreme Peoples Court issued a series of judicial interpretations on handling labor disputes. One of the interpretations will allow employees who are owed back wages to go directly to the courts for litigation, as long as they can produce IOUs or other documentation to prove the debt, and the claim involves no other labor-related issues. Prior to this interpretation, courts generally classified wage arrears cases as labor disputes, and would not hear them unless the worker had first sought relief through labor arbitration. The cost and time required for the arbitration process deters many workers, particularly migrants, from using it. The new interpretation will go into effect October 1, in time for the annual spike in wage arrears claims in the run-up to Chinese New Year (late January or early February).

12. (SBU) Wage arrears cases account for a large proportion (41% by government estimates) of labor disputes in China. On August 31, Laboff discussed the new judicial interpretation with Liu Cheng, Associate Professor at the Shanghai Teachers University Law School, and Director of the China Association of Labor Law Studies. Liu welcomed the judicial interpretation as a big help to victims of wage arrears. If workers hold IOUs, he said, and many do, the cases are legally simple and courts should be able to settle them very quickly. But Liu said the interpretation is only a transitional step, and that there should be no need for so many court cases. What China really needs, Liu said, is legislation that will effectively prevent wage arrears in the first place.

SEDNEY